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Letter No. 2293

December 18, 1986

**FARM EXPORTS
COULD RISE**

Several factors could double the growth of foreign demand for farm products in the late 1980's, according to the U.S. Department of Agriculture. These include expanding incomes, declining inflation, lower interest rates, and world population growth of about 80 million a year. World farm trade could increase 3 to 4 pct. a year, as it did in the 1950's and 1960's. With the U.S. improving its price competitiveness under the 1985 Farm Act, the volume of U.S. farm exports could rise 4 to 5 pct. a year.

**WORLD COARSE
GRAIN PROD.
1986/87**

The world production for coarse grains for 1986/87 is estimated by the U.S. Department of Agriculture at 836 million 500 thousand tons, up 6 million 100 thousand or less than 1 pct. from last month, but down 1 pct. from the record 1985/86 harvest. USSR's production is estimated at 108 million tons, up 8 million or 8 pct. from last month and last year. India's coarse grain production is estimated at 28 million tons, down 2 million 600 thousand or 9 pct. from last month, but 7 pct. above last year. Canada's production is estimated at a record 27 million 600 thousand tons, up 700 thousand or 2 pct. from last month and up 11 pct. from last year. The European Community's production is estimated at 81 million 100 thousand tons, down 8 pct. from last year.

**EC TO REMAIN
COMPETITOR**

The European Community is likely to remain a stiff competitor for grain export markets over the next several years, according to the U.S. Department of Agriculture. High internal grain prices continue to boost production there. Trends suggest that the USSR and other centrally planned countries as a group will not be a source of growth in world trade in the late 1980's. Grain trade prospects are more favorable in East Asia, North Africa, the Middle East and Central America.

**NEW CANADIAN
SUBSIDIES**

The Canadian Government's decision to provide up to one billion Canadian dollars - \$750 million in U.S. - in subsidy payments to farmers could help keep marginal Canadian producers in business by insulating them from a downward trend in world prices and import demand for agricultural products. In announcing this program, the Canadian Government referred to the "subsidy war between the U.S. and the European Community" as a motive for the subsidy, according to the U.S. Department of Agriculture.

SUGAR IMPORT
QUOTA

Sec'y of Agriculture Richard Lyng announced that total authorized quota shipments of imported sugar for 1987 would be just over 1 million short tons, raw value. That's down 41 pct. from the current quota of just over 1 million 700 thousand tons and the lowest level in nearly 100 years. Lyng said that the sharp reduction is the result of a continued increase in domestic sweetener production, including corn sweeteners, coupled with a decline in domestic consumption of cane and beet sugar. Said Lyng, "If current trends continue, in another two years the existing sugar program will make the U.S. self sufficient in sweetener production for the first time in history."

WORLD WHEAT
PRODUCTION

The world wheat production for 1986/87 is estimated by the U.S. Department of Agriculture at a record 521 million 700 thousand tons, up 8 million 100 thousand tons or 2 pct. from last month and up 4 pct. from the 1985/86 harvest. USSR's wheat production is estimated at 87 million tons, up 6 million or 7 pct. from last month and up 11 pct. from last year. Australia's wheat production is estimated at 17 million 500 thousand tons, up 1 million 500 thousand or 9 pct. from last month and up 9 pct. from last year. Canada's production is estimated at a record 31 million 900 thousand tons, up 600 thousand or 2 pct. from last month and 31 pct. above last year.

WORLD
PRODUCTION OF
OILSEEDS

The world production for oilseeds for 1986/87 is estimated by the U.S. Department of Agriculture at a record 196 million 500 thousand tons, up slightly from last year. U.S. production is estimated at 61 million 100 thousand tons, down 7 pct. from last year. Foreign production is estimated at a record 135 million 400 thousand tons, up 4 pct. from last year.

WORLD SOYBEAN
PRODUCTION

The world production of soybeans for 1986/87 is estimated by the U.S. Department of Agriculture at a record 98 million 800 thousand tons, up 3 pct. from last year.

U.S. CORN
TO EC

The European Community accepted a total of 468,000 tons of U.S. corn at a levy reduction of the EC equivalent of \$27 U.S. per ton. The normal levy is the EC equivalent of \$173 per ton in U.S. dollars. With this purchase, an outstanding amount of 700,000 tons of corn remains to be purchased by the EC under the U.S.-EC interim agreement on Spain's joining the EC.

DAIRY
SURPLUS
TO DROP

Dairy price-support purchases fell to low levels this autumn. Farm and wholesale prices rose substantially during the second-half of 1986. According to the U.S. Department of Agriculture, both events occurred because of removal of substantial milk production capacity by the Dairy Termination Program, growth in commercial use, only modest production increases by non-Dairy Termination Program participants, and low commercial stocks. Total 1987 milk production is expected to fall 1 to 3 pct.

CATTLE ON
FEED

Cattle and calves on feed on Dec. 1 for the slaughter market in Ariz., Calif., Colo., Iowa, Kans., Nebr., and Texas totaled 7 million 830 thousand head, down 1 pct. from a year ago and 8 pct. below Dec. 1, 1984, according to the U.S. Department of Agriculture.

FROM OUR
TELEVISION
SERVICE

OUTLOOK FOR FOOD PRICES...USDA economist Ralph Parlett focuses on factors contributing to current retail food prices - up about three percent from 1985 -- and talks about the outlook for 1987. DeBoria Janifer interviews. (341)

OUTLOOK FOR FEED...Feed grain production for 1986 is still large, despite heavy participation in the feed grain acreage reduction program. USDA economist David Hull talks about factors contributing to this year's forecast as well as the forecast for 1987. DeBoria Janifer interviews. (342)

OUTLOOK FOR POULTRY...The demand for poultry products next year is expected to grow modestly, in step with the general economy. USDA economist Allen Baker outlines factors affecting poultry production. Vic Powell interviews. (343)

OUTLOOK FOR U.S. EXPORTS - I...Record foreign wheat production and the largest Soviet grain crop since the 1970's are limiting growth of world wheat trade, but other U.S. commodities are expecting increases in exports next year. USDA economist Steve MacDonald examines the outlook for U.S. exports. Vic Powell interviews. (344)

OUTLOOK FOR U.S. EXPORTS - II...One of the factors in the U.S. agricultural export picture is the projected 1987 recovery of world economic growth, which suffered a slight downturn this year. USDA economist Steve MacDonald takes a look at prospects next year for U.S. exports. Vic Powell interviews. (345)

IMPORTANT NOTICE: We will not issue a Farm Broadcasters letter next week.
Happy Holidays!

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1542...(Weekly 13½ min documentary) When Congress comes back into session, members are expected to once again take up modifications to the farm bill. On the docket will be everything from a "fine tuning" of the present law to a complete overhaul. Gary Crawford presents the opinions of four experts on the upcoming debate.

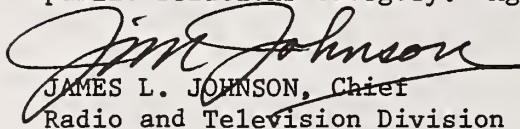
AGRITAPE/FARM PROGRAM REPORT #1531...(Weekly reel of news features) USDA news highlights; Big beef promotion; Outlook for horticultural exports; Milk outlook.

CONSUMER TIME #1024...(Weekly reel of 2½-3 min features) Healthy bones; Pork--A leaner image; Don't waste ground beef; Talk a walk; New flowers on the way.

USDA RADIO NEWS SERVICE...Tues, Dec. 30, Crop and weather outlook; Wed, Dec. 31, Agricultural prices; Thurs, Jan. 8, Ag inputs outlook. No scheduled reports until Mon, Jan. 12, U.S. crop production, World supply and demand, Soviet crop outlook, Horticultural products review. (Note: Even though USDA has no reports scheduled for quite a few days in Jan., we will carry new stories every weekday.) Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Many of you perused this column early enough to catch (and take advantage of) our invitation to let us know if you wanted to be included in recent telephone press conferences. As it turned out we had two for farm broadcasters: one with Sec'y of Agric Richard Lyng and the other with Deputy Sec'y Peter Myers. We don't often have enough lead time to issue an invitation in this column, so it was nice that so many saw it and called to participate. Incidentally, if your station can downlink from Westar III, Transponder 2, with a tunable receiver (capable of tuning in any one of the 24 channels on the transponder), let us know. We are uplinking all special events on that satellite, and we'll notify you of when and where ... Now to wipe a bit of egg off our face. In a column a couple weeks ago, we reported on the NAFB scholarship winners. One is Karl Fruendt, and we identified him as being a student at Univ of Oklahoma. Wrong!!! He's a student at Oklahoma State University! Being from the Pacific Northwest where the difference between Univ. of Idaho and Idaho State Univ can practically bring on riots, we appreciate the reaction we received to our goof...and we apologize to all Oklahoma State Univ alumni/ (Univ of Oklahoma alumni wanting equal time must specifically request it) ... Dave Carter (USDA Economics Management Service radio/TV specialist) is still looking for a public affairs specialist capable of producing radio and television programs. If you would like to know more, call him at 202-786-1494 ... John Stearns (Agriculture USA, Pacific Palisades, CA) recently received the Veritas Award from the American Agri-Women "...for telling the realities of hi-tech agriculture to the urban public on nationally syndicated TV for 25 years" Our congratulations ... Roddy Peebles (Voice of SW Agriculture Net, San Angelo, TX) is one of seven who received distinguished service awards from the Professional Agricultural Workers of Texas. Roddy's award came in the communications and public relations category. Again, our congratulations.


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Farm Broadcasters Letter
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